

# Exhibit A

# Exhibit A

# Economic and Feasibility Plan Supplement

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For Double U Livestock, LLC.

Case #: BK-N-11-52345-BTB

**Robert Fletcher**

**11/01/2011**

## Introduction

This economic and feasibility plan supplement considers three agricultural enterprises operated on the Double U and their potential to generate adequate cash flow, to make adequate payments to creditors over the five year period of the plan and allow the debtor to exit bankruptcy as a going concern. This long form plan was prepared by Robert R. Fletcher, Ph.D., Agricultural Economist, representing Double U Livestock, LLC and the three West Families.

Analyses for this report are based on information acquired either directly or indirectly from Jim West, Wade West, filed claims, secondary sources and stated assumptions. A trip to Ely, Nevada provided an opportunity to meet with Jim and Wade West at the Headquarters of the Double U on August 18, 2011. This feasibility exhibit is signed by and adopted in toto by the Debtor and constitutes an integral part of Debtor's Plan, provided that in the event of conflict between this feasibility exhibit and the Plan, the Plan shall control.

### Background

The Double U is a combination cattle and sheep livestock ranch located approximately 50 miles north of Ely in White Pine County, Nevada. The Property was previously owned by the Paris family and often referred to as the Paris Ranch. It was purchased by Jim, Clay and Wade West and their wives in 2004 as the Double U Livestock, LLC, an Oregon limited liability Company.

The Double U is well suited as a cow/calf and sheep operation. There are approximately 7,700 deeded acres and BLM permits for nearly 6,000 cattle AUM and over 12,000 sheep AUM. These resources provide adequate feed for 600 to 625 head of cows and over 5,000 head of sheep most years. Extended periods of drought could require purchase of supplemental feed.

Improvements after purchase of the ranch include the construction of 7+ miles of 8 foot high elk fence around the headquarters and hay fields, at an estimated cost of \$180,000, and perimeter and cross fencing of pastures. Four pivot sprinklers covering a total of 270 acres were installed on existing hay fields to increase the supply of winter feed.

### Historical Management Practices

Jim and Carleen West, 1/3 owners of the Double U also own the Sweetwater, a neighboring ranch with 240 acres of alfalfa/grass hay, lambing sheds and 700 acres of deeded pasture. The Sweetwater was purchased one year after acquiring the Double U to supplement the Double U sheep operation. The two ranches were operated as a single unit until the Sweetwater reorganized under Chapter 12 because of insufficient cash for operating expenses and debt repayment. An informal operating agreement between the two ranches that complements each other was quantified to clearly delineate the costs and benefits of each operation. There is one set of machinery shared between the two ranches. The Double U owns the hay harvest equipment used on the Sweetwater. The Sweetwater owns the backhoe used by the Double U for development and maintenance of the irrigation and stock water systems.

Under this management scheme the Double U harvests Sweetwater hay with Double U paying the variable costs. To determine a fair value for this service data were used from a University of Idaho survey for charges between neighbors for hay harvest. The results showed a range of \$22 to \$30 per ton with a \$27.50 average. A fuel surcharge could be added with the current high price of diesel fuel. A value of \$25 per ton covers the variable harvest costs for the

Double U. In return the Double U has the option to purchase hay for lambing at \$25 below market value and will be credited the first \$25 for each ton of Sweetwater hay sold off the ranch. This assures the Double U an adequate hay supply for shearing and lambing without the additional cost of importing the hay. Trucking costs run between \$25 and \$40 per ton depending on availability.

This arrangement provides a net benefit to the Sweetwater of about \$20 per ton when compared to custom hay harvest rates of approximately \$45 per ton and an additional surcharge for the cost of diesel fuel may be added. This arrangement also decreases the cash outlay for the Double U. The Double U has the option to purchase hay needed for lambing from the Sweetwater at \$25 below market value and saves an additional \$25 to \$40 per ton on freight if hay had to be imported. This is a gross savings of \$50 to \$65 per ton with less than 1/2 the cash outlay compared to importing hay. It also assures the Double U a supply of known quality hay. The Double U also receives the use of the Sweetwater backhoe at no additional cost as opposed to paying hourly rental rates on an as needed basis. This is a complementary working arrangement that benefits both parties by reducing cash outlays about equally and utilizing one set of equipment for the two ranches.

The Double U rents the Sweetwater lambing sheds for \$10,000 per year and has the option to purchase the aftermath grazing and private pasture as needed. All payments made to the Sweetwater are deferred to December after the Double U lambs are sold.

### **Resource Base**

The Double U, like any business, needs an adequate supply of land, labor and capital to continue as a going concern. It has adequate land resources, with approximately 38% equity in the real estate, an adequate supply of labor at reasonable costs, but is cash deficient to make required payments on all debt. The lack of cash flow for operating expenses in large part can be contributed to the recession of 2008 – 2009 and adverse weather conditions during lambing in 2009. An inadequate hay supply needed for lambing and the inability to acquire a line of credit to purchase the needed feed necessitated range lambing ewes accustomed to lambing in confinement. As a result 1,800 lambs and 300 ewes were lost in a spring storm according to Wade West's field records. This resulted in approximately \$300,000 lost revenue in 2009. Without access to an additional line of credit for operating expenses, financial reorganization was probably appropriate at that time, but the West's were not aware of that option. Debtor continued using ranch income for operating expenses but could not cover all required debt payments. The result was increased debt and a decrease in equity. Limited income necessitated selling breeding ewes and deferring the reseeding, spraying and fertilization of hay fields further reducing future income potential.

### **Sheep**

Rebuilding the sheep herd is the primary underpinning for the Double U to continue as a going concern. Income from cattle grazing and hay sales provides income stability and helps pay operating expenses but will contribute little to growth in ranch income. The number of ewes lambed have decreased on an annual basis since the heavy death loss in 2009. The 481 yearlings ewes kept for replacements to lamb in 2012 were sold to pay operating expenses in January, 2011. The October 5, 2011 head count was 1,296 wether lambs, 1,220 ewe lambs and 2,466 ewes. Wade estimates there will be 2,000 ewes to lamb in 2012. The price of running age ewes and lack of capital indicates the best way to expand the breeding herd is by retaining all ewe lambs. Table A1

shows the assumptions used to grow the herd, the components of income including market lambs, cull ewe sales and wool production and sales.

#### Hay

Hay is produced as a cash crop. Parties leasing livestock grazing will need most if not all the Double U hay for winter cow feed. The quantity needed varies by year and weather conditions. A new lessee expected to run about 350 cows for 10 months on grass will likely purchase 240 to 300 tons of the current hay crop at market price. Annual hay yields vary because of weather conditions and farming practices. Production records for 2009 show, 652 tons were harvested on 190 acres, an average yield of 3.42 tons per acre. Wade West reported 604 tons of hay was harvested in 2011 from 325 available acres, an average yield of 1.86 tons per acre.

Insufficient funds for operating expenses over the last three years have resulted in significant deterioration of the hay fields. Three capital improvement projects need to be made over the next two years to restore the fields to production potential. An Equip cost share program has been approved through USDA, NRCS to install a 1,800 foot, 6 inch, 125 psi pipeline with hand set sprinklers which will add 35 acres of hay ground at the Headquarters (Paris Ranch). The agreement calls for the first phase, installation of the PVC pipeline, at an approximate cost of \$10,000, to begin in 2011. The sprinklers are to be installed in 2012 through 2014. The NRCS will reimburse at least 75% of the cost.

The rotation for reseeding hay fields has not been followed for several years resulting in the diminished yields. The estimated cost for spraying and reseeding is approximately \$150 per acre with seed accounting for about one half of the total cost. Costs for reseeding 80 acres per year are included in the 2012 and 2013 budgets. Costs for reseeding in 2014 and beyond are incorporated into the operating budgets.

The pump and motor to operate the two pivots covering 135 acres on the Stratton place are not reliable or adequate to provide the water required to optimize hay yields and assure profitability. Alternatives will be pursued to upgrade this system at minimal expense. There are no funds directly budgeted for this project, but the reimbursement from NRCS from the pipeline will be used to upgrade the pump and motor.

#### Grazing

The Double U does not currently own any cattle and it is not anticipated they will acquire any during the plan period. They pasture cows on a monthly basis. According to Jim West they are currently pasturing between 275 and 280 head at \$15 per month which utilizes less than 50% of available feed. The Double U budget showed \$4,275 per month grazing income for 2011. Wildfires and continued drought in the Southwest have resulted in ranchers traveling longer distances to find available grazing. The West's have contacted a rancher wanting to pasture 380 to 400 head of cows at \$25 per month and commit to the purchase of 240 tons of hay for winter feed. At the end of October 310 head of cows have been delivered.

This plan assumes 350 head at \$25 per month and 250 head at \$15 per month income from grazing in 2012. Grazing income is only assumed to be received for 10 months of the year and supplemental feed will be required for the other two months. The Double U will receive \$12,500 per month or \$125,000 in 2012 from grazing. Although this income could increase in 2013 after a one

year notice to the current lessee with the 275 head, it is assumed to hold constant through the duration of the plan.

### **Economic Feasibility**

The economic feasibility considers the resources available and the ability to generate adequate cash flow or net farm income to pay all annual operating expenses and retire long term debt over an appropriate period of time. The primary objective is to identify the best strategy for the Double U to increase the resource base to generate cash flow to exit bankruptcy as a going concern and provide adequate payments to secured creditors.

### Budget Analysis

Historical data for operating budgets were provided by Jim and Wade West. Expense categories used in budget construction are highly aggregated and intended to be used as guidelines. The working expenses are fungible across categories and can be used for capital expenses if necessary. The projected operating budgets, Table B2012 through B2016, show monthly income and expenses, as well as cumulative expenses and income and the annual net farm income available for debt service. \$25,000 of the year ending cash balance is used as the January 1 beginning cash for following year. This series of budgets shows the expected cash flow for the 5 years of the plan, beginning January 1, 2012. Income from leased grazing, hunting fees, sheep production and hay production are combined with the itemized operating costs to determine the annual net farm income (see Table C1.)

### Secured Creditors

Cash income is adequate to cover all cash operating expenses, including monthly payments on machinery and equipment which have been incorporated into annual operating expenses. This equipment, shown in the list of secured creditors below, will continue to be included in the annual operating budgets. Monthly Payments are \$360.99 for the Caterpillar tractor based on contract interest of 5.9% APR and \$236.80 at 7.49% for the baler. This is a late change in the plan and the tractor and baler payments are understated in the annual budgets, Tables B2012 through B2016. The swather was leased for \$6,000 in 2011 with an option to purchase for \$10,000 to \$12,000, depending on finance charges, over the next two years.

### List of Secured Creditors

<u>Real Estate</u>	<u>Secured With</u>	<u>Claim amount</u>	<u>Value</u>
Paris Trust ( Est. no claim filed)	First Deed of Trust	953,618	
Tri-State Livestock (Est.)	Junior Deed of Trust & Personal Property	1,960,169	
<b>Total Claims on Real Estate</b>		<b>2,913,787</b>	<b>4,800,000</b>

### Equipment

Agro Finance	Caterpillar Tractor	18,718	42,725
Agro Finance	Caterpillar Baler	11,821	15,583
Neff Equipment, Ruby Valley	Swather	12,000	16,000
<b>Total Claims on Equipment</b>		<b>40,539</b>	<b>74,308</b>

### Annual Payments to Secured Creditors

Two major creditors, Paris Trust and Tri-State Livestock, will receive annual payments based on net farm income each year of the plan. The outstanding balance on the Paris loan was \$925,843 on March 31, and about \$953,618 including accrued interest as of October 31st 2011. The original Paris loan is not changed in this plan and payments of \$104,628 will continue to be made on March 30th each year. The assumed outstanding balance on the Tri-State loan was \$1,960,169, amortized at 5.25% interest over 30 years with annual payments of \$131,169. The net farm income generated by the plan in the first four years is not adequate to fully fund the Tri-State payments. Available funds are not adequate to fund any payment to Tri-State the first two years. Using owner equity to build the sheep herd and defer payments to creditors is the primary strategy for funding the plan.

### Cash Flow

Table C1 gives the net farm income for 2012 through 2016; these funds are used to cover administrative costs and pay creditors. Payments to the Paris Trust in the amount of \$104,628 are due on March 30<sup>th</sup>. Most of the net farm income to pay creditors is not available until after the lambs are sold in the fall. To make the Paris payment on March 30, 2012 requires adequate funds being available to carry forward on December 31, 2011. Table B2011 shows an ending cash balance of \$126,647 with \$25,000 carried forward as beginning cash for the 2012 operating budget. This leaves a balance of \$101,647 rounded to \$102,000 available to make the \$104,628 payment on March 30, 2012. Although the deficit is less than \$3,000 it will impact the 2012 operating budget in Table B2012 by that amount. The decision to leave Paris Trust unimpaired with March 30 payments require the plan to cash flow 6 full payments during the life of the plan. Sensitivity analysis will show the impact on future cash flow.

### Sensitivity Analysis

Table C2 provides a sensitivity analysis for different levels of funds available for the Paris payment. The original projection was \$132,000 carried forward for debt repayment and capital purchases. As shown in the bottom half of Table C2 the extra \$30,000 would maintain positive cash flow and provide an extra \$30,000 payment to Tri-State on December 30, 2014 or an equal amount in capital expenditures. The \$102,000 is the best estimate available at this time. The September bank statement showed a balance of \$773. Wade found approximately \$30,000 in outstanding payroll checks, leaving negative cash balance of about \$30,000 on September 30. Table C2 shows a negative cash flow of -\$2,628 after the March 30, 2012. This is not a major problem as the 2012 operating budget can cover -\$2,628 and remain positive the rest of the year.

Since the net farm income in December 2012 is not adequate to fully fund the March 2013 Paris payment there will be an estimated -\$26,256 negative cash flow in the 2013 operating budget after the March 30 payment. Without some budget adjustment, either increased income or reduced expenses cash flow will remain negative the rest of the year with a negative balance exceeding -\$30,000 the end of October. There will be another negative cash flow after the March 30, 2014 payment of -\$29,884. There should be adequate funds to cover the 2014 shortfall in the operating budget.

### Funding the Plan

Funds are not available to make any payment to Tri-State during the first two years of this plan. Comparing total debt with total asset value indicates a debt to asset ratio less than 60%. Owner-equity in both real estate and personal property is used to fund the plan through the application of negative amortization. This approach is appropriate given the large owner equity position in Double U assets and the difficulty finding lending institutions willing to finance annual operating expenses. This method of financing the plan also provides an opportunity for the debtor to achieve economic viability and exit bankruptcy as a going concern. This approach also allows creditors to be made whole and maintain the present value of future loan payments until the debt can be retired.

### Negative Amortization

The Tri-State payments for the first 4 years of the plan were estimated in Table C2 and inserted into table C4. No payment will be made to Tri-State in 2012 or 2013. The first payment of \$30,488 is made in 2014 and a payment of \$70,372 in 2015. The balance on the Tri-State debt will have increased by \$342,741 after the December 2015 payment. To maintain the present value of the income stream Tri-State will receive from loan payments after applying negative amortization for 3 years requires further modification. The Tri-State loan is adjusted after the 2015 payment. The loan balance of \$2,302,910 is amortized over the remaining 26 years with annual payments of \$164,355, (see Table C4). This loan modification increases Tri-State annual payments by \$33,186 or \$862,836 total over the last 26 years of the loan. These higher payments are partially offset by payments received in the first 4 years. Tri-State will only receive \$100,860 in the first 4 years as opposed to the \$524,676 they would receive with the regular 30 year amortized loan. The last column in Table C4 shows the combined debt owed Paris and Tri-State after each annual payment. Total debt only increased by \$128,046 during the first 4 years with the negative amortization.

### Present Value

The modification to pay off the Tri-State loan in equal payments over the last 26 years maintains a constant present value of the loan. The original amount of Tri-State claim was \$1,960,169 which is the present value of the 30 annual payments at 5.25% interest. Since the income stream is no longer constant it is necessary to calculate the PV of each annual payment and sum the individual values. Table C5 shows the 28 payments to be made over the life of the loan have a PV of \$1,960,169. To maintain the PV over the 30 year period of the loan requires additional payments of \$438,991.

### Owner Equity

Table C6 shows the change in debtor's owner equity over the 5 years of the plan. The increased equity related to building the sheep herd more than offsets any reduced equity from higher debt caused by negative amortization. Historically, an owner equity ratio that exceeds 45% could obtain short term financing with reasonable terms and conditions.

### Summary and Overview

The Double U has adequate land resources to run over 600 cows and 5,000 sheep. They have a stable source of labor at a reasonable cost. The problem is lack of livestock and cash flow for operating expenses and repayment of existing debt. This plan relies on deferred payments to Tri-State in the first 4 years of the plan to keep the ewe lambs for future income. Loan payments over the last 26 years were adjusted to maintain PV of the debt.

Double U does not have excessive amounts of debt. Total secured debt is less than \$3 million. The latest known appraised value the land at \$4.8 million. Assuming all debt, is secured by real estate, the debt to asset ratio is 62.5% for the real estate. Value of the sheep, machinery and equipment is worth at least \$700 thousands. Using a conservative estimate of \$2.5 million total equity and a total asset value of \$5.5 million shows the West's still maintain over 45% equity in the total ranching operation. The Double U has a solid equity position in the ranch, but lenders are reluctant to provide operating loans or money for working capital. The Double U has adequate equity in real estate to finance the growth of the sheep herd. The equity will be used to finance the purchase of the ewe lambs for replacements and to expand the herd. The Double U can draw down against equity until their equity position in the land is close to 30%. The Creditors are still secured with Paris having a first deed of trust and Tri-State holding a junior deed of trust. The sheep herd will increase in value as ewe lambs are added.

There is a need for several capital expenditures that were not included in annual operating section of the plan. These items include either a large 3X4 foot square baler or a round baler. Big bales would be more efficient when the hay is feed to cattle or sold on the open market. Both Jim and Wade are currently looking for a used big baler, in the low end of the \$20T to \$40T range

The Double U owns a White Freightliner truck with an inoperable motor. The best estimate for the cost of a re-built motor is \$5 to \$10T. This truck is used to haul sheep between pastures as needed. These two expenditures will require about \$30 to \$40 thousand for used equipment that is not included in the budget.

Bank of Eastern Oregon has an over-secured claim of approximately \$120,000 secured by property owned by Wade West. Debtor intends to abandon this property and therefore no provision for payment to the Bank of Eastern Oregon has been made.

DATED: November 1, 2011

Double U Livestock, LLC

by: /s/ Jim West  
Jim West, Manager

Prepared By:

/S/ Robert R. Fletcher, Ph.D.

Agricultural Economist,  
Reno, Nevada

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**Table A1. Double U Sheep Production and Income Assumptions**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Ewes Lamed	2,000	2,600	3,050	3,700	4,750
% weaned	0.96	0.98	0.98	0.99	1.00
Wethers Lambs	960	1,261	1,495	1,813	2,328
Ewe Lambs	960	1,274	1,495	1,813	2,328
Ewes culled/die	600	500	600	445	950
Ewes Replaced	1,200	950	1,250	1,495	1,200
Sheep Sales					
Wethers No.	960	1,261	1,495	1,813	2,328
Ewe Lamb No.	0	0	0	0	1,128
Total Lambs	960	1,261	1,495	1,813	3,455
Value per lamb	205	200	195	190	170
Lamb Income	196,800	252,200	291,428	344,470	587,350
Cull Ewes Sold No	360	300	360	267	570
Value per Ewe	75	70	70	65	65
Cull Income	27,000	21,000	25,200	17,355	37,050
Sheep Sheared	3,200	3,126	3,793	4,869	5,125
Wool pounds	24,000	23,447	28,444	36,516	38,438
Price per Lb.	1.25	1.25	1.25	1.25	1.25
Wool Income	30,000	29,309	35,555	45,645	48,047
Sheep Income	253,800	302,509	352,182	407,470	672,447
Shearing Costs	2012	2013	2014	2015	2016
Head Sheared	3,200	3,126	3,793	4,869	5,125
Cost per Head	3.70	3.75	3.80	3.85	3.90
Total Costs	11,840	11,723	14,412	18,745	19,988

**Table A2. Double U Hay Production and Income Assumptions**

Year	2,012	2,013	2,014	2,015	2,016
Acres Harvested	325	360	360	360	360
Yield (Estimate)	1.90	2.00	2.40	2.50	2.50
Tons	618	720	864	900	900
Tons Sold	600	700	850	900	900
Value/Ton	175	150	150	150	150
Hay Income	105,000	105,000	127,500	135,000	135,000

**Table B2011. Anticipated Cash Flow, Oct. 1 - Dec. 31, 2011**

Month	OCT	NOV	DEC	<u>3-Month TOTAL</u>
<b><u>INCOME</u></b>				
Lambs*	228,685		48,300	276,985
Ewes*			12,000	12,000
Hay**			26,250	26,250
Grazing***	7,188	12,025	12,025	31,238
Hunting Fees				0
Total Cash Income	235,873	12,025	98,575	346,473
<b><u>EXPENSES</u></b>				
Real Estate Taxes	1,026			1,026
BLM Fees		4,050	5,400	9,450
Insurance	6,000			6,000
Wade West Wage		1,500	1,500	3,000
Hired Labor	5,400	7,600	5,400	18,400
Labor groceries	2,500	2,500	2,500	7,500
Livestock (Rams)		6,000		6,000
Fuel	4,000	4,000	3,000	11,000
R & M	2,000	1,500	1,500	5,000
Supplies	2,800	2,800	2,800	8,400
Utilities	400	2,900	400	3,700
Legal & Acct	200	200	200	600
Cat 525B Pay.				
Swather lease Pay.	4,200			4,200
Improve Hay Yields		10,000		10,000
SW Hay purchase			77,000	77,000
SW Rent Camp			10,000	10,000
SW Rent Grazing			8,550	8,550
Total Cash Exp.	28,526	43,050	118,250	189,826
<b><u>CASH FLOW</u></b>				
Beginning Cash****	(30,000)	177,347	146,322	to next yr
Ending Cash	177,347	146,322	126,647	25,000
			101,647	

\*December Lamb and Cull Ewe sales depend on available transportation.

\*\* Only 25% of hay will be sold in 2011, 75% in inventory on December 31.

\*\*\* Grazing contract 156 head Delivered on Oct 16 and 154 head on Oct 23.

\*\*\*\* Bank Balance \$773 on October 1, \$30T estimated outstanding checks.





Table B2013. Monthly Income, Expenses and Cash Flow, 2013 Double U Livestock

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Table B2013 Cont.

Table B2014. Monthly Income, Expenses and Cash Flow, 2014 Double U Livestock

Table B2014 Cont.

**Table B2015. Monthly Income, Expenses and Cash Flow, 2015 Double U Livestock**

Year	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	12 Month TOTAL
Month	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	DEC	Case 11-52345-btb Doc 96-1
INCOME														344,470
Lambs														344,470
Ewes														344,470
Wool														344,470
Hay	33,750	33,750	33,750	33,750	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	17,355
Grazing														17,355
Hunting Fees														17,355
Total Cash Income	33,750	33,750	46,250	12,500	82,145	12,500	12,500	12,500	29,855	356,970	46,250	691,470	691,470	45,645
Cumulative Inc.	33,750	67,500	113,750	126,250	220,895	233,395	245,895	258,395	288,250	645,220	691,470			
<b>EXPENSES</b>														
Real Estate Taxes	1,089													5,108
BLM Fees														5,108
Insurance														21,600
Wade West Salary	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Hired Labor	4,800	4,800	7,200	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	80,800
Labor groceries	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Contract Shearing														18,745
Livestock (Rams)														18,745
Purchased feed	100	100	100	100	100	100	100	100	100	100	100	100	100	8,100
Fert./Seed/Chem.														8,100
Trucking														0
Fuel	1,800	2,300	2,300	2,300	3,300	5,800	5,800	4,300	3,300	3,300	3,300	3,300	3,300	43,600
R & M	1,050	1,050	1,050	1,050	2,100	3,150	3,150	2,100	1,575	1,575	1,575	1,575	1,575	24,150
Supplies	3,255	3,255	3,255	8,505	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	3,255	43,995
Utilities	2,900	400	400	400	2,250	400	400	400	400	400	400	400	400	11,650
Legal & Acct	200	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Cat 525B Pay.	312	312	312	312	312	312	312	312	312	312	312	312	312	3,744
Baler SB44 Pay.	197	197	197	197	197	197	197	197	197	197	197	197	197	2,364

Table B2015 Cont.

**Table B2016. Monthly Income, Expenses and Cash Flow, 2016 Double U Livestock**

	Year	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	Month
	Month	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	TOTAL
<b>INCOME</b>												
Lambs												
Ewes												
Wool												
Hay	33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750	33,750	37,045
Grazing												
Hunting Fees												
Total Cash Income	33,750	33,750	46,250	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	24,000
Cumulative Inc.	33,750	67,500	113,750	126,250	138,750	223,297	235,797	248,297	260,797	310,347	910,197	956,447
<b>EXPENSES</b>												
Real Estate Taxes	1,111											
BLM Fees												
Insurance												
Wade West Salary	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Hired Labor	10,080	10,080	14,112	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	160,872
Labor groceries	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Contract Shearing												
Livestock (Rams)												
Purchased feed	100	100	100	100	100	100	100	100	100	100	100	1,300
Fert./Seed/Chem.												
Trucking												
Fuel	2,000	2,500	2,500	2,500	3,500	6,000	6,000	6,000	6,000	4,500	3,500	3,500
R & M	1,080	1,080	1,080	1,080	2,160	3,240	3,240	3,240	3,240	2,160	1,620	1,620
Supplies	3,348	3,348	3,348	8,748	3,348	3,348	3,348	3,348	3,348	3,348	3,348	45,232
Utilities	2,900	400	400	400	2,250	400	400	400	400	400	400	11,650
Legal & Acct	200	200	200	200	200	200	200	200	200	200	200	2,400

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**Table B2016 Cont.**

Year Month	2016 JAN	2016 FEB	2016 MAR	2016 APR	2016 MAY	2016 JUN	2016 JUL	2016 AUG	2016 SEPT	2016 OCT	2016 NOV	2016 DEC	Month TOTAL
Cat 525B Pay.	312	312	312	312	312	312	312	312	312	312	312	312	3,744
Baler SB44 Pay.	197	197	197	197	197	197	197	197	197	197	197	197	2,364
Swather Pay.													0
Vehicle Pay.	600	600	600	600	600	600	600	600	600	600	600	600	7,200
Operating Int.													0
Improve Hay Yields													0
Hay for Lambing													0
Lambing Camp Rent													0
Grazing Purchase													0
Total Cash Exp.	25,928	22,817	61,448	31,137	36,147	37,397	31,397	33,251	37,897	42,050	41,257	202,018	602,745
Cumulative Exp.	25,928	48,745	110,193	141,330	177,477	214,874	246,271	279,522	317,419	359,470	400,727	602,745	
<b>CASH FLOW</b>													
Beginning Cash	25,000	32,822	43,755	28,557	9,920	-13,727	33,423	14,526	-6,225	-31,622	-24,123	534,470	Next 25,000
Ending Cash	32,822	43,755	28,557	9,920	-13,727	33,423	14,526	-6,225	-31,622	-24,123	534,470	378,702	25,000
<b>Net Farm Income</b>													<b>353,702</b>

**Table C1. Income, Expenses and Net Farm Income, 2012 - 2016**

Year	2012	2013	2014	2015	2016
<b><u>INCOME</u></b>					
Lambs	196,800	252,200	291,428	344,470	587,350
Ewes	27,000	21,000	25,200	17,355	37,050
Wool	30,000	29,309	35,555	45,645	48,047
Hay	105,000	105,000	127,500	135,000	135,000
Grazing	125,000	125,000	125,000	125,000	125,000
Hunting Fees	24,000	24,000	24,000	24,000	24,000
Total Cash Income	507,800	556,509	628,683	691,470	956,447
<b><u>EXPENSES</u></b>					
Real Estate Taxes	4,848	4,909	5,008	5,108	5,210
BLM Fees	14,850	16,875	18,900	21,600	21,600
Insurance	24,000	24,000	24,000	24,000	24,000
Wade West Salary	18,000	18,000	18,000	18,000	18,000
Hired Labor	66,400	66,400	66,400	80,800	160,872
Labor groceries	30,000	30,000	30,000	30,000	30,000
Contract Shearing	11,840	11,723	14,412	18,745	19,988
Livestock (Rams)	4,000	6,750	6,875	8,100	8,100
Purchased feed	3,000	3,000	3,400	3,600	3,600
Fert./Seed/Chem.	5,000	7,000	7,500	7,500	7,500
Trucking	0	0	0	0	0
Fuel	40,000	41,200	42,400	43,600	46,000
R & M	21,000	22,100	23,460	24,150	24,840
Supplies	38,600	41,900	42,738	43,995	45,252
Utilities	11,650	11,650	11,650	11,650	11,650
Legal & Acct	2,400	2,400	2,400	2,400	2,400
Cat 525B Pay.	3,744	3,744	3,744	3,744	3,744
Baler SB44 Pay.	2,364	2,364	2,364	2,364	2,364
Swather Pay.	6,000	6,000	0	0	0
Vehicle Pay.	0	5,400	7,200	7,200	7,200
Operating Int.	0	0	0	0	0
Improve Hay Yields	12,000	12,000	0	0	0
Hay purchase	71,000	82,250	96,250	118,125	137,375
SW Sheep Camp	10,000	10,000	10,000	10,000	10,000
Leased Grazing	10,890	11,295	11,880	12,825	13,050
Total Cash Exp.	411,586	440,960	448,581	497,506	602,745
<b>Net Farm Income</b>	<b>96,214</b>	<b>115,549</b>	<b>180,102</b>	<b>193,964</b>	<b>353,702</b>

**Table C2. Cash Flow Sensitivity Analysis for Annual Creditor Payments with different December 31, 2011 Balances**

	<u>Dec-11</u>	<u>Mar-12</u>	<u>Dec-12</u>	<u>Mar-13</u>	<u>Dec-13</u>	<u>Mar-14</u>	<u>Dec-14</u>	<u>Mar-15</u>	<u>Dec-15</u>	<u>Mar-16</u>	<u>Dec-16</u>	<u>Mar-17</u>	<u>Totals</u>
<b>Assumes \$102,000 NFI</b>													
Net Farm Income		96,000		116,000		180,000		195,000		350,000			
Admin. Costs (Est.)		15,000		15,000		15,000		20,000		28,000			
Available for Distribution	102,000		81,000		101,000		165,000		175,000		322,000		946,000
Paris Payment Mar 30th		104,628		104,628		104,628		104,628		104,628		104,628	627,768
Balance	(2,628)	78,372	(26,256)	74,744	(29,884)	135,116	0	104,628	104,628	0	104,628	164,355	265,215
Tri-State Pay. Dec 30th						30,488			70,372			53,017	53,017
Unsecured Creditors Pay.													<b>946,000</b>
<b>Total Payments</b>													
<b>Assumes \$132,000 NFI</b>													
Net Farm Income		96,000		116,000		180,000		195,000		350,000			
Admin. Costs (Est.)		15,000		15,000		15,000		20,000		28,000			
Available for Distribution	132,000		81,000		101,000		165,000		175,000		322,000		976,000
Paris Payment Mar 30th		104,628		104,628		104,628		104,628		104,628		104,628	627,768
Balance	27,372	108,372	3,744	104,744	116	165,116	0	104,628	104,628	0	104,628	164,355	295,215
Tri-State Pay. Dec 30th						60,488			70,372			53,017	53,017
Unsecured Creditors Pay.													<b>976,000</b>
<b>Total Payments</b>													

**Table C3. Annual Payments to Secured and Unsecured Creditors**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Paris Trust	104,628	104,628	104,628	104,628	104,628
Tri-State			30,488	70,372	164,355
Unsecured Creditors					53,017
<b>Total Payments</b>	<b>104,628</b>	<b>104,628</b>	<b>135,116</b>	<b>175,000</b>	<b>322,000</b>

Table C4. Paris and Tri-State Payment Schedules

Paris Original Payment Schedule Mar. 30th				Tri-State Payments Dec. 30th, Negative Amortization					
APR	Amount	Payment	Rounded	APR	Amount	Payment	Rounded		
Annual	Interest	Principal	Principal	Annual	Interest	Principal	Principal	Loan	Debt
<u>Payment</u>	<u>Owed</u>	<u>Payment</u>	<u>Balance</u>	<u>Payment</u>	<u>Owed</u>	<u>Payment</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>
6.00%	<b>925,843</b>	<b>104,628.00</b>	<b>104,628</b>	5.25%	<b>1,960,169</b>	<b>131,168.50</b>	<b>131,169</b>		2,886,012
Annual	Interest	Principal	Principal	Annual	Interest	Principal	Principal	Loan	Debt
104,628	55,551	49,077	876,766	2,012	0	102,909	(102,909)	2,063,078	2,939,843
104,628	52,606	52,022	824,744	2,013	0	108,312	(108,312)	2,171,389	2,996,133
104,628	49,485	55,143	769,600	2,014	30,488	113,998	(83,510)	2,254,899	3,024,500
104,628	46,176	58,452	711,148	2,015	70,372	118,382	(48,010)	2,302,910	3,014,058
104,628	42,669	61,959	649,189	2,016	164,355	120,903	43,452	2,259,457	2,908,646
104,628	38,951	65,677	583,512	2,017	164,355	118,622	45,733	2,213,724	2,797,236
104,628	35,011	69,617	513,895	2,018	164,355	116,221	48,134	2,165,589	2,679,485
104,628	30,834	73,794	440,101	2,019	164,355	113,693	50,662	2,114,928	2,555,029
104,628	26,406	78,222	361,879	2,020	164,355	111,034	53,321	2,061,607	2,423,485
104,628	21,713	82,915	278,964	2,021	164,355	108,234	56,121	2,005,486	2,284,449
104,628	16,738	87,890	191,073	2,022	164,355	105,288	59,067	1,946,419	2,137,492
104,628	11,464	93,164	97,910	2,023	164,355	102,187	62,168	1,884,251	1,982,161
<u>103,784</u>	<u>5,875</u>	<u>97,909</u>	<u>0</u>	<b>2,024</b>	164,355	98,923	65,432	1,818,819	1,818,819
<b>1,359,320</b>	<b>433,477</b>	<b>925,843</b>		<b>2,025</b>	164,355	95,488	68,867	1,749,952	1,749,952
				<b>2,026</b>	164,355	91,872	72,483	1,677,470	1,677,470
				<b>2,027</b>	164,355	88,067	76,288	1,601,182	1,601,182
				<b>2,028</b>	164,355	84,062	80,293	1,520,889	1,520,889
				<b>2,029</b>	164,355	79,847	84,508	1,436,380	1,436,380
				<b>2,030</b>	164,355	75,410	88,945	1,347,435	1,347,435
				<b>2,031</b>	164,355	70,740	93,615	1,253,821	1,253,821
				<b>2,032</b>	164,355	65,826	98,529	1,155,291	1,155,291
				<b>2,033</b>	164,355	60,653	103,702	1,051,589	1,051,589
				<b>2,034</b>	164,355	55,208	109,147	942,443	942,443
				<b>2,035</b>	164,355	49,478	114,877	827,566	827,566
				<b>2,036</b>	164,355	43,447	120,908	706,658	706,658
				<b>2,037</b>	164,355	37,100	127,255	579,403	579,403
				<b>2,038</b>	164,355	30,419	133,936	445,466	445,466
				<b>2,039</b>	164,355	23,387	140,968	304,498	304,498
				<b>2,040</b>	164,355	15,986	148,369	156,129	156,129
				<b>2,041</b>	<u>164,326</u>	<u>8,197</u>	<u>156,129</u>	<u>0</u>	<u>0</u>
				<b>Total</b>	<b>4,374,061</b>	<b>2,413,892</b>	<b>1,960,169</b>		

**Table C5. Present Value of Tri-State Payment**

Payment <u>Year</u>	Payment <u>Received</u>	Discount <u>Period</u>	Rate <u>5.25%</u>	Present <u>Value</u>
2012	0	1	1.052500	0
2013	0	2	1.107756	0
2014	30,488	3	1.165913	26,149
2015	70,372	4	1.227124	57,347
2016	164,355	5	1.291548	127,254
2017	164,355	6	1.359354	120,907
2018	164,355	7	1.430720	114,876
2019	164,355	8	1.505833	109,146
2020	164,355	9	1.584889	103,701
2021	164,355	10	1.668096	98,529
2022	164,355	11	1.755671	93,614
2023	164,355	12	1.847844	88,944
2024	164,355	13	1.944856	84,508
2025	164,355	14	2.046961	80,292
2026	164,355	15	2.154426	76,287
2027	164,355	16	2.267533	72,482
2028	164,355	17	2.386579	68,866
2029	164,355	18	2.511874	65,431
2030	164,355	19	2.643748	62,167
2031	164,355	20	2.782544	59,066
2032	164,355	21	2.928628	56,120
2033	164,355	22	3.082381	53,321
2034	164,355	23	3.244206	50,661
2035	164,355	24	3.414527	48,134
2036	164,355	25	3.593789	45,733
2037	164,355	26	3.782463	43,452
2038	164,355	27	3.981043	41,284
2039	164,355	28	4.190047	39,225
2040	164,355	29	4.410025	37,268
2041	<u>164,326</u>	30	4.641551	<u>35,403</u>
<b>Total</b>	<b>4,374,061</b>			<b>1,960,169</b>

**Table C6. Owner Equity Position, December 31 each Year of the Plan**

Year	Debt				Asset Value			Owner Equity	
	Equipment	Paris Trust	Tri-State	Total	Sheep/Equip	Real Estate	Amount	Percent	
2,011	42,538	925,843	1,960,169	<b>2,928,550</b>	700,000	4,800,000	2,571,450	46.75%	
2,012	30,430	876,766	2,063,078	<b>2,970,273</b>	751,000	4,800,000	2,580,727	46.49%	
2,013	18,322	824,744	2,171,389	<b>3,014,455</b>	865,600	4,800,000	2,651,145	46.79%	
2,014	12,214	769,600	2,254,899	<b>3,036,714</b>	996,175	4,800,000	2,759,461	47.61%	
2,015	6,108	711,148	2,302,910	<b>3,020,166</b>	1,117,000	4,800,000	2,896,834	48.96%	
2,016	0	649,189	2,259,457	<b>2,908,646</b>	1,154,500	4,800,000	3,045,854	51.15%	